

Responsible Office: Office of Headquarters Operations
Subject: Headquarters Budget Formulation (Code CF)



Headquarters Budget Branch

Office Work Instruction

Headquarters Budget Formulation

Approved by: _____ (Original signed by) _____ Date 5/1/00
Michael D. Christensen
Associate Administrator for Office of Headquarters Operations

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1.0 Purpose

The purpose of this office work instruction (OWI) is for the Headquarters Budget Branch to ensure that Headquarters operational resources requirements (i.e., the Headquarters Budget that comprises a part of the Agency budget) for Research and Program Management (R&PM) and Research Operations Support (ROS) funds are identified and adequately represented in the overall budget development process, and that Headquarters organizations with R&PM and ROS accounts are notified of their recommended operating budgets.

2.0 Scope and Applicability

2.1 Scope

This OWI describes the process for the Headquarters Budget Branch, formulating the R&PM and ROS budgets of Headquarters organizations. This process includes preparing Program Operating Plan (POP) guidelines, assessing institutional office budget submissions, and developing the overall R&PM and ROS institutional budgets for Headquarters organizations.

2.2 Applicability

This OWI applies to the Headquarters Budget Branch.

3.0 Definitions

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| 3.1 <u>Agency Human Resources Staff</u> | Refers to the Office of Human Resources and Education. As is relevant to this OWI, the Agency Human Resources Staff provides overall instructions for preparing the Fund Source (FS) 41 and 42 R&PM budgets. |
| 3.2 <u>Associate Administrator (AA)</u> | The Associate Administrator for the Office of Headquarters Operations. |
| 3.3 <u>Budget</u> | Formal estimate of future revenues, and obligations to be incurred during a definite period of time. A budget is sometimes referred to as a program operating plan (POP) or just an operating plan. |
| 3.4 <u>Analyst</u> | A Program or Budget Analyst in the Headquarters Budget Branch. |
| 3.5 <u>Budget Year</u> | The fiscal year for which estimates are submitted. Budget submissions generally contain data concerning the Prior Year (the fiscal year immediately preceding the current year), the Current Year (the fiscal year immediately preceding the Budget Year), the Budget Year (the fiscal year for which estimates are submitted) and four subsequent years. Since budgets are prepared 18 months before the start of the fiscal year, Prior Year is the year that funding is being spent, e.g., the FY 2001 Budget Year is developed in FY 1999 which means FY 1999 is the Prior Year as well as being the year in which |

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funding is being spent.

3.6 Capital Investment Council

The Capital Investment Council is responsible for addressing significant Agencywide capital investments and policy issues. It considers investment management decisions, regarding Agency capabilities and infrastructure, that may also serve a broader national interest. This body ensures an Agency perspective for all large, long-term investments that enable the Agency and the Strategic Enterprises to execute their programs. Investment areas include the following: facilities; environmental management; information systems; technology; human resources; and other designated investments.

3.61

The Capital Investment Council is the key advisory group to the Administrator in resolving issues, prioritizing activities (Capital investments, functional leadership initiatives, and programs), and balancing resources among Strategic functions, and Centers, or combinations thereof, in terms of Agency investment in assets or functional capabilities. This council also reviews Functional/Staff Office leadership strategies and reviews and recommends budget guidance initiating each annual budget cycle. Finally, the Capital Investment Council conducts an annual assessment to ensure that Agencywide investments support overall goals, objectives, and strategies contained in the Strategic Plan.

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The members of the Capital Investment Council are the Deputy Administrator (Chair), Associate Deputy Administrator(s), Chief Financial Officer, Enterprise Associate Administrators, Center Directors (two, 2-year rotating terms), the Associate Administrator for Human Resources and Education, and the Associate Administrator for Management Systems. In addition, the General Council serves as an ex officio advisor. Others may be invited by the Council Chair to attend selected meetings to address specific topics.

3.7 Comptroller.

The NASA Comptroller. The Comptroller compiles the agency-wide budget and directs its preparation. As is relevant to this OWI, the Comptroller provides overall instructions for preparing the FS-43 ROS budgets, and provides guidance about the Agency budgets

3.8 Comptroller's Automated Data File

This is an electronic file maintained by the NASA Comptroller and located on the Headquarters shared server. It contains guidance, instructions and formats to be used for providing information and data responses for the Agency budget process.

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| 3.9 | <u>Comptroller's Marks</u> | This is a paper document from the Comptroller that identifies revised funding amounts for the Headquarters use that were derived from the Headquarters requirements submission. |
| 3.10 | <u>Fund Source (FS)</u> | This refers to a two-digit code number which identifies the direct financing appropriation and unfunded transactions in terms of the current administrative classifications used by NASA to manage funds. Fund Sources are described in Financial Management Manual 9121, among which only FS-41, FS-42, and FS-43 are relevant to the budgets referred to by this OWI. |
| 3.11 | <u>Headquarters Budget Branch</u> | The office and staff responsible for formulation and execution of the Headquarters ROS and R&PM budgets. |
| 3.12 | <u>Headquarters Budget Officer (HBO)</u> | The Chief of the Headquarters Budget Branch. |
| 3.13 | <u>Headquarters Chief Financial Officer (HCFO)</u> | The Director of the Headquarters Business Management Division. |
| 3.14 | <u>Headquarters Line Item Database</u> | This is an electronic database maintained by the Headquarters Budget Branch that holds and organizes the entire NASA Headquarters ROS budget line item by line item. It is the primary tool used to display and subtotal data collected through various Program Operating Plan (POP) activities. Once collected, the data is used to respond to various NASA Comptroller, Congressional and Office of Management and Budget exercises in ways necessary to portray the required exhibits and selective presentations. The database consists of a primary table along with reports and validation tables in support of the primary table. |
| 3.15 | <u>Headquarters organization</u> | An organizational component at NASA Headquarters with R&PM and/or ROS funding accounts that comprise and are derived from the funding allocated by the Comptroller to the Headquarters operating plans. |
| 3.16 | <u>Integrated Financial Management System (IFMS)</u> | A standardized financial and related business management system that will use a standard suite of integrated, commercial off the shelf software products to support NASA's business processes. |
| 3.17 | <u>Lead Analyst</u> | The Headquarters Budget Branch Analyst who is responsible for providing overall guidance and direction for matters related to the R&PM or ROS funds. There are normally two Lead Analysts, each with responsibility for one of those funds categories. |
| 3.18 | <u>Office of Management and Budget (OMB) Pass Back</u> | The budget proposed for NASA that OMB provides to NASA for comments and suggested changes before OMB recommends it to the President for submission to Congress. |

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- 3.19 Program Operating Plan (POP) Time-phased projection of resource requirements in terms of planned rates of obligations (and in the case of major cost reimbursement contracts, of planned rates of costs incurred), submitted periodically by Centers to Strategic Enterprises, and by Enterprise officials to the NASA Chief Financial Officer. These estimates serve as a guide for resources and allotment authorizations, and provide a baseline for measuring performance and future budget planning.
- 3.20 Research and Program Management (R&PM) This is FS-41 and FS 42 funding that is part of the Mission Support Appropriation and both are identified by appropriation symbol 80_0112. FS-41 and FS-42 include one year funds only, i.e., FS-41 and FS-42 funds are available for obligation purposes for a one year period. (The last digit of the Fiscal Year of the appropriation is to be included in the blank, e.g., the FY 1999 appropriation is 8090112.)
- 3.201 FS-41 is for use for all program year 95 and subsequent personnel services and related compensation and benefits, e.g., all types of salary related payments, insurance, and uniforms. It also includes the subsidized commuting program, shipment and/or storage of household goods for transferred employees, and reimbursement to the Office of Personnel Management for security investigations, and payments to other agencies and non-Government institutions for personnel training.
- 3.202 FS-42 is for use for all program year 95 and subsequent transportation, per diem and related costs for employee travel. It also includes reimbursement for local transportation as well as taxi fares, rentals of passenger carrying motor vehicles not associated with temporary duty (includes payments to non-U. S. Government sources only), and travel of non-NASA employees.
- 3.21 Research Operations Support (ROS) This is FS-43 funding that is part of the Mission Support Appropriation and it is identified by appropriation symbol 80_/_0112. FS-43 includes two year funds only, i.e., FS-43 funds are available for obligation purposes for two years. FS-43 is for use for all program year 95 and subsequent nonprogram oriented activity costs (other than personnel and related services and limitation travel). (The last digits of each of the two Fiscal Years of the appropriation are to be included in the blanks, e.g., the appropriation effective for FY 1999 and FY 2000 is 809/00112.)

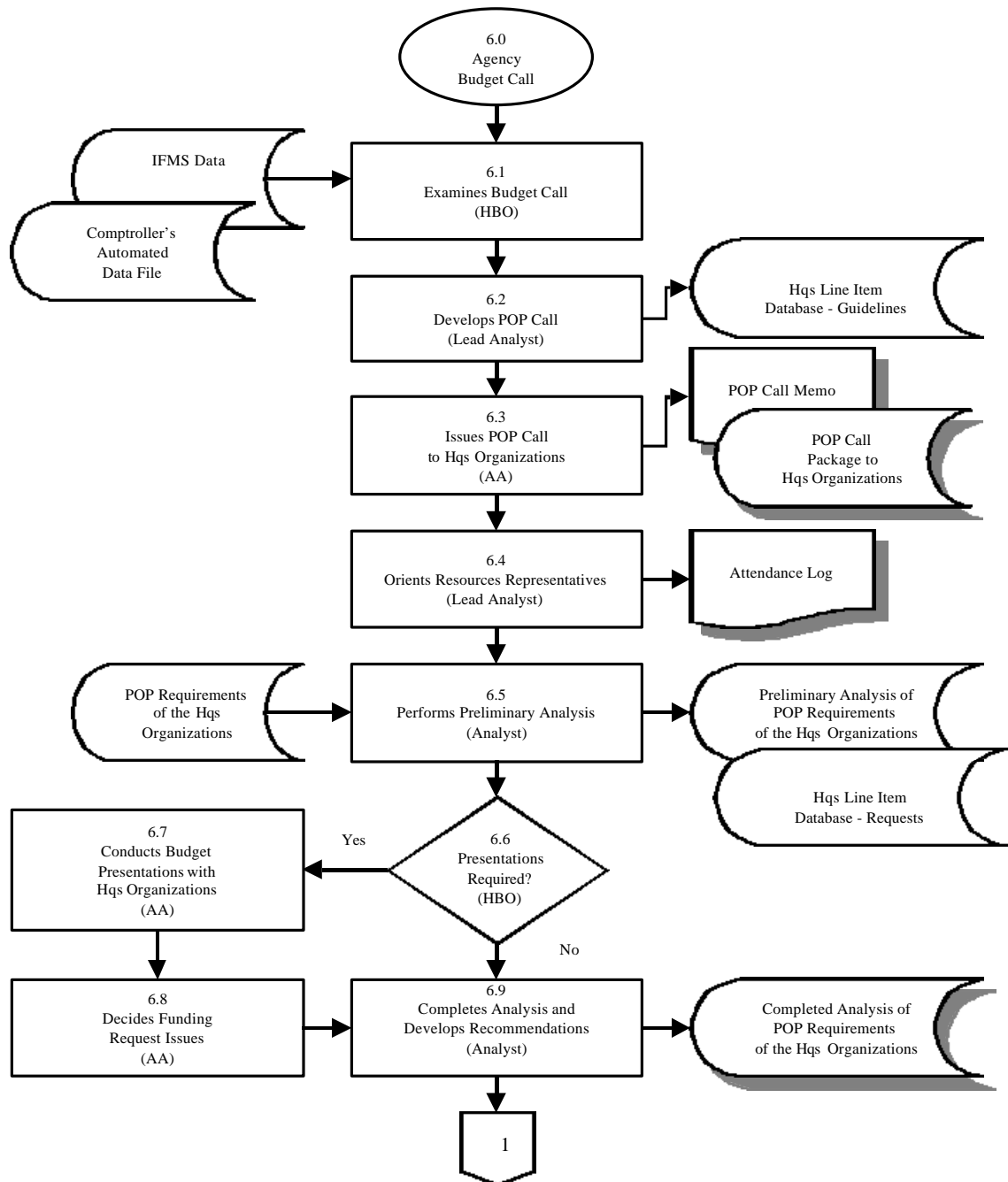
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4.0 Reference Documents

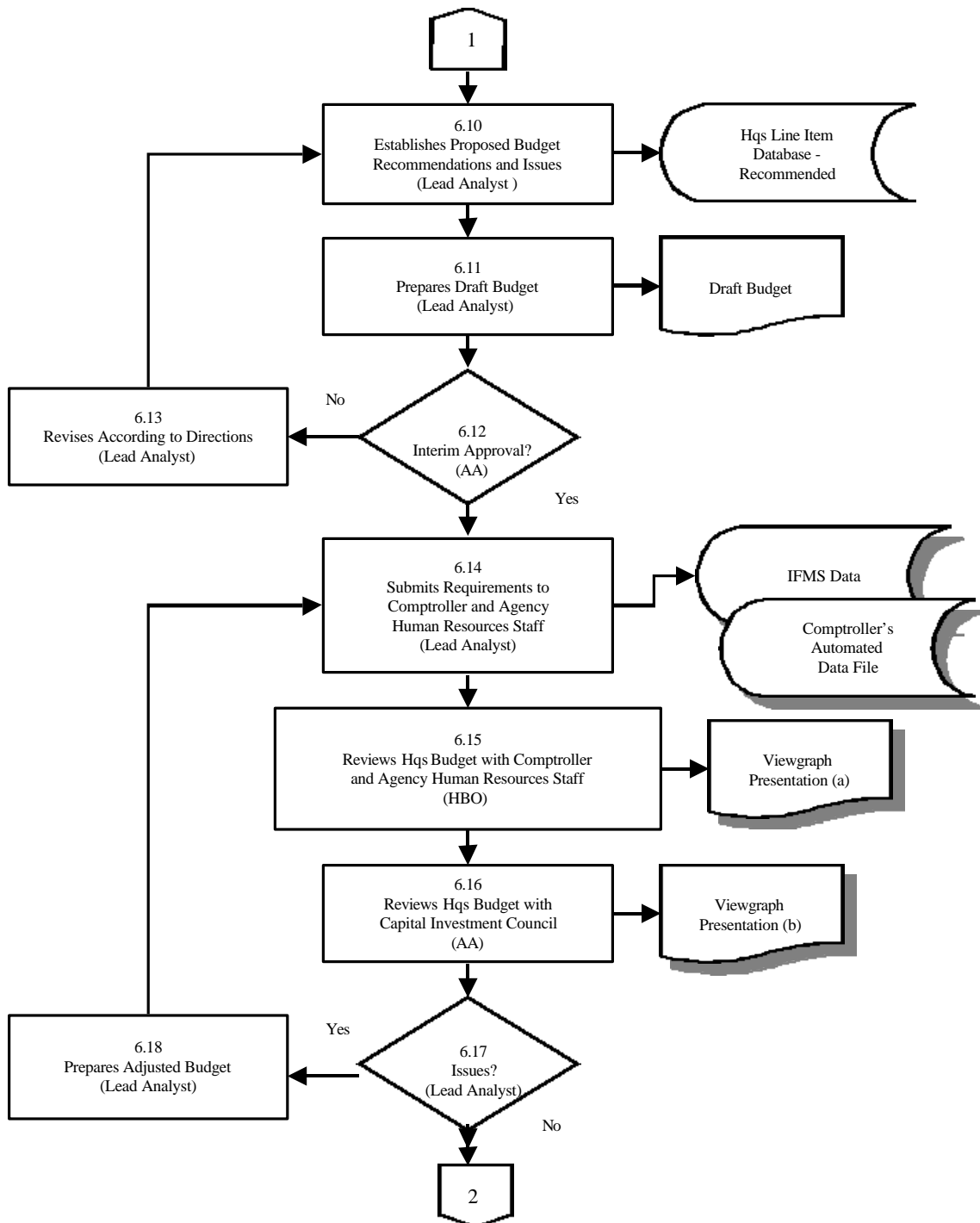
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| 4.1 | NASA Policy Directive (NPD) 1000 | NASA Strategic Plan |
| 4.2 | NASA Procedures and Guidelines (NPG) 1000.2 | NASA Strategic Management Handbook |
| 4.3 | NASA Policy Directive (NPD) 7000.3 | Allocation and Control of Agency Resources |
| 4.4 | NPD 9050.3 | Administrative Control of Appropriations and Funds |
| 4.5 | NASA Handbook (NHB) 7400.1 | NASA Budget Administration Manual |
| 4.6 | | NASA Financial Management Manual, Volume 9000 |

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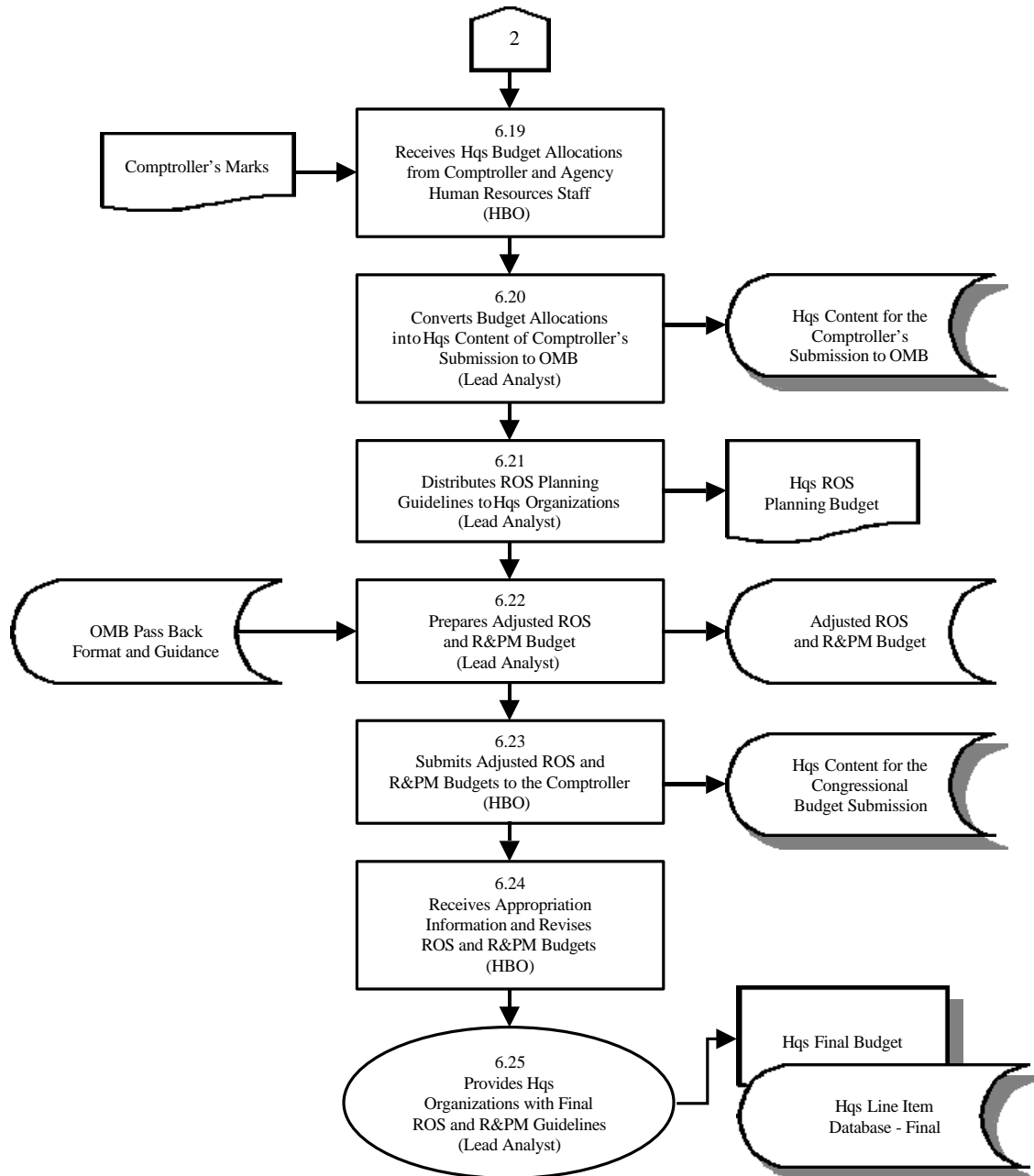
5.0 Flowchart



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6.0 Procedure

The budget formulation process is repeated yearly with the development of the POP, and it has activities occurring throughout the year. The objective of the POP is to establish the budget requirements for the budget year and the four subsequent years. The process described below identifies the major work procedures of the Headquarters Budget Branch.

The number at the left of the following process activity table refers to the flowchart step in Section 5.

Step	Actionee	Action
6.1	Headquarters Budget Officer	Examines instructions in the Agency budget call received electronically from the Comptroller and Agency Human Resources staff via the Integrated Financial Management System (IFMS) data and the Comptroller's Automated Data File. This includes guidance for providing data requirements and formats, and a budget preparation schedule with specific direction regarding assumptions, option analysis, and unique data requests. The examination is with the Lead Analysts and involves comparing current guidance with previous year guidance, and making determinations about how to change the Headquarters Budget Branch instructions to the Headquarters organizations so that the instructions conform with the requirements of the current, higher level guidance, and will elicit the information required.
6.2	Lead Analyst	Develops POP call by: (a) looking at previous year's POP call and guidance and revising where necessary; (b) reviewing issues for current and future years; and (c) preparing the particular guidance, formats, schedules, and detailed guidelines applicable to R&PM and ROS accounts of the different Headquarters organizations. Actual amounts and guideline amounts are to begin being populated into the Headquarters Line Item Database at this point so that the guidelines version of the Headquarters Line Item Database can be in a developed and workable form at a later stage.
6.3	Associate Administrator	Issues POP call memorandum to Headquarters organizations. The memorandum provides the overall deadlines and requirements for the Headquarters organizations. The memorandum also references the electronic POP call package of budget related information that the Headquarters organizations need to submit. At a minimum, the POP call package will contain: (a) the actual expenditures for the Prior Year; (b) the Current Year budget and a request for any adjustments thereto; and (c) it shall solicit any changes or new requirements for the Budget Year plus four subsequent years for a total of seven consecutive years. As required, Headquarters organizations will be given additional support by the Headquarters Budget Officer, Lead Analysts, and Analysts as necessary and appropriate. Such support may include working directly with the resources and management personnel in the Headquarters organizations to gather and prepare information required by the POP call. This support is provided so that the Headquarters organization can be in compliance and can put forth its

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Step	Actionee	Action
		best quality budget request.
6.4	Lead Analyst	Orients resources representatives from the Headquarters organizations about all aspects of the POP call. This is performed in group session(s) depending upon the topic presentations and the number of resource representatives who can attend the first session. Attendance by the representatives from the Headquarters organizations is encouraged but not mandatory. An attendance log of the participants at the orientation session is maintained by the Lead Analyst.
6.5	Analyst	Performs preliminary analysis of the POP submissions from the Headquarters organizations. This includes comparing input with the guidance provided, conducting preliminary analysis, summarizing issues, preparing questions for follow-up, resolving differences, and making recommendations to the Headquarters Budget Officer on having presentations. The analysis narrative is added to the POP requirements of the Headquarters organizations, and requirements amounts will be populated into the requests version of the Headquarters Line Item Database.
6.6	Headquarters Budget Officer	Determines whether the Headquarters organization(s) should make presentations to the Associate Administrator? The determination is influenced by the Analysts and Lead Analysts recommendations about the matter. A determination to have presentations made by the Headquarters organization(s) may be made whenever the Headquarters organization: (a) has a new account; (b) proposes substantial changes in relation to previous expenditures; or (c) presents an unusual funding problem for the organization or the Headquarters itself. All of the Office of Headquarters Operations accounts are reviewed in a one day session. If yes, proceed to 6.7. If no, proceed to 6.9
6.7	Associate Administrator	Conducts budget presentation sessions with Headquarters organization(s) about their funding requests, if applicable. The Headquarters CFO and the Headquarters Budget Officer assist the Associate Administrator with the information exchanged at the budget reviews. The presentations are generally centered around matters identified in the POP requirements of the Headquarters organizations.
6.8	Associate Administrator	Decides which funding request issues will be incorporated in the Headquarters budget under preparation. These decisions are made in conference with the Headquarters CFO, the Headquarters Budget Officer, and/or the Lead Analyst responsible for that particular fund source. The Lead Analyst incorporates the budgetary changes resulting from these decisions as updates to the Headquarters Line Item Database later in Step 6.10.
6.9	Analyst	Completes analysis and develops recommendations of the requirements of the Headquarters organizations. This will be done by comparing the funding requested by the Headquarters organization against the amount originally proposed as its guideline in relation to the spending history of the Headquarters organization as well as the knowledge the Analysts have of the activities and needs of that

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Step	Actionee	Action
		Headquarters organization, and the judgement the Analysts render about the merits of those matters. The Analysts will review and analyze budget submissions for their respective assigned Headquarters organizations, prepare their recommendations about whatever matters they deem appropriate, and present significant issues to the Lead Analysts for consideration. The comments and recommendations of the Analyst complete the analyzed POP requirements of the Headquarters Organizations document.
6.10	Lead Analyst	Establishes proposed Headquarters budget recommendations and issues for discussion with the Headquarters Budget Officer, the Headquarters CFO, and the Associate Administrator. These are ad hoc discussions to resolve differences between the budget amounts that were originally presented to the Headquarters organizations and the amounts they requested. The Headquarters budget then will be revised according to directions of the Headquarters Budget Officer, Headquarters CFO or Associate Administrator. Recommended funding amounts will be put into the new fields being populated in the recommended version of the Headquarters Line Item Database.
6.11	Lead Analyst	Prepares draft Headquarters budget for Associate Administrator approval. It will be prepared based upon verbal guidance from the Headquarters Budget Officer.
6.12	Associate Administrator	Interim Approval of draft Headquarters budget? This interim approval includes making decisions not only on the budget as a whole, but also on specific items therein. Such decisions usually require an additional revision of the draft Headquarters budget (the most recently dated version is controlling; updates are represented by populating the recommendation field). If no, proceed to 6.13. If yes, proceed to 6.14.
6.13	Lead Analyst	Revises Headquarters budget requirements based on directions from the Associate Administrator (the most recently dated version is controlling; updates overwrite previous information) and return to 6.10.
6.14	Lead Analyst	Submits consolidated Headquarters budget requirements and related information electronically to the Comptroller and the Agency Human Resources Staff via the Integrated Financial Management System (IFMS) data and the Comptroller's Automated Database data.
6.15	Headquarters Budget Officer	Reviews the Headquarters budget with the Comptroller and the Agency Human Resources Staff. This is to provide information about the content of the Headquarters budget and to exchange information about significant issues contained therein. The Headquarters CFO and the Lead Analysts assist the Headquarters Budget Officer with matters related to this review. A viewgraph presentation is used to present the information.
6.16	Associate Administrator	Reviews the Headquarters budget with the Capital Investment Council. This is to provide information about the content of the Headquarters budget and to exchange information about significant issues contained therein. A viewgraph presentation is used to

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Step	Actionee	Action
		present the information.
6.17	Lead Analyst	Issues? Resolves any issues about the Headquarters budget in conference with the Associate Administrator that are received from the Comptroller, the Agency Human Resources Staff, and/or the Capital Investment Council. Such resolution is to reconcile with the budgetary limitations available from the Headquarters budget, and comply with the verbal instructions or guidance from the Associate Administrator, Headquarters CFO, and/or the Headquarters Budget Officer. If yes, proceed to 6.18. If no, proceed to 6.17.
6.18	Lead Analyst	Prepares adjusted Headquarters budget for reconsideration by the Headquarters Budget Officer, Headquarters CFO and the Associate Administrator. Return to 6.14.
6.19	Headquarters Budget Officer	Receives Hqs Budget Allocations from Comptroller Marks revising funding amounts and from Agency Human Resources Staff for the Headquarters.
6.20	Lead Analyst	Converts Headquarters budget allocations electronically into the Headquarters content of the Comptroller's submission to OMB.
6.21	Lead Analyst	Distributes ROS planning guidelines (also referred to as allocations) to Headquarters organizations. These are tentative funding amounts derived from budget allocations received from the Comptroller that Headquarters organizations may use to operate. The guidelines that are distributed conform to the Headquarters planning budget as being amounts from the portions of the Headquarters Line Item Database that correspond with the accounts for the respective Headquarters organizations. Planning guidelines are not distributed for R&PM funding.
6.22	Lead Analyst	Prepares adjusted Headquarters ROS and R&PM budget when the OMB Pass Back format and guidance are received from the Comptroller.
6.23	Headquarters Budget Officer	Submits adjusted Headquarters ROS and R&PM budget to the Comptroller in electronic format. This forms the Headquarters content for the Congressional Budget Submission from NASA.
6.24	Headquarters Budget Officer	Receives appropriation information verbally from Comptroller and revises Headquarters ROS and R&PM budget if necessary.
6.25	Lead Analyst	Provides Headquarters organizations with final ROS and R&PM guidelines by which to operate. These final guidelines comprise the Headquarters final budget.

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7.0 Quality Records

Record Identification	Owner	Location	Record Media: Electronic or Hard Copy	Schedule Number and Item Number (NPG 1441.1)	Retention/Disposition
POP call memo.	Associate Administrator	Hqs Budget Branch.	Hard Copy.	Schedule 7, Item 22.	Destroy when 5 years old.
POP call package to Hqs organizations.	Hqs Budget Officer	Hqs Budget Branch.	Electronic.	Schedule 7, Item 22.	Destroy when 5 years old.
Attendance Log of Orientation Session(s).	Lead Analyst	Hqs Budget Branch.	Hard Copy.	Schedule 7, Item 21.E.2.	Destroy 3 years after the end of the fiscal year.
Completed Analysis of POP requirements of the Hqs organizations (previous versions will have been overwritten).	Hqs Budget Officer	Hqs Budget Branch.	Electronic.	Schedule 7, Item 21.G.1.	Permanent. Retire to FRC by Fiscal Year when no longer needed for active reference or when 10 years old.
IFMS Data.	Hqs Budget Officer	Hqs Budget Branch.	Electronic.	Schedule 7, Item 21.G.1.	Permanent. Retire to FRC by Fiscal Year when no longer needed for active reference or when 10 years old.
Comptroller's Automated Data File.	Hqs Budget Officer	Hqs Budget Branch.	Electronic.	Schedule 7, Item 21.G.1.	Permanent. Retire to FRC by Fiscal Year when no longer needed for active reference or when 10 years old.
Viewgraph Presentations to: (a) the Comptroller and the Agency Human Resources Staff, and (b) the Capital Investment Council.	Associate Administrator	Hqs Budget Branch.	Hard Copy.	Schedule 7, Item 21.E.2.	Destroy 3 years after the end of the fiscal year.

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Record Identification	Owner	Location	Record Media: Electronic or Hard Copy	Schedule Number and Item Number (NPG 1441.1)	Retention/Disposition
Hqs Content for the Comptroller's Submission to OMB.	Hqs Budget Officer	Hqs Budget Branch.	Electronic.	Schedule 7, Item 21.G.1.	Permanent. Retire to FRC by Fiscal Year when no longer needed for active reference or when 10 years old.
Hqs Content for the Congressional Budget Submission.	Hqs Budget Officer	Hqs Budget Branch.	Electronic.	Schedule 7, Item 21.G.1.	Permanent. Retire to FRC by Fiscal Year when no longer needed for active reference or when 10 years old.
Hqs Final Budget with guideline funding levels for all covered Hqs organizations.	Hqs Budget Officer	Hqs Budget Branch.	Hard copy.	Schedule 7, Item 21.G.1.	Permanent. Retire to FRC by Fiscal Year when no longer needed for active reference or when 10 years old.
Final Hqs Line Item Database (previous versions will have been overwritten).	Hqs Budget Officer	Hqs Budget Branch.	Electronic.	Schedule 7, Item 21.G.1.	Permanent. Retire to FRC by Fiscal Year when no longer needed for active reference or when 10 years old.